

# BEST NEWSLETTER

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BEST Line: 1-800-616-3775 (press 2, then 2 again)

Overseas: Toll-Free AT&T Direct Access Number then 800-616-3775

Hearing Impaired: TDD 1-800-382-0893 or (210) 565-2276

FAX: DSN 665-2936 or (210) 565-2936

BEST Homepage: [www.afpc.randolph.af.mil/dpc/best/menu.htm](http://www.afpc.randolph.af.mil/dpc/best/menu.htm)

EBIS: [www.afpc.randolph.af.mil/dpc/BEST\\_GRB/EBIS.htm](http://www.afpc.randolph.af.mil/dpc/BEST_GRB/EBIS.htm)

2005 Edition, Issue 5 – October 2005

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## Federal Employees Health Benefits (FEHB) Open Season

The FEHB Open season begins 14 Nov 05 and runs through 12 Dec 05. You may enroll, change health plans or options, cancel your enrollment, change to self-only, change to self-and-family, and waive or begin participation in premium conversion. If you participate in premium conversion and want to cancel your coverage or change to self-only, you can do it during the open season. Changes made during the open season will be effective 8 Jan 06.

Premiums are increasing an average of 6.6 percent for 2006, the smallest average FEHB premium increase in nine years. New premium rates go into effect 8 Jan 06. A link to the 2006 premiums rates is available on the BEST Health Insurance web page at [www.afpc.randolph.af.mil/dpc/best/fehb.htm](http://www.afpc.randolph.af.mil/dpc/best/fehb.htm). Links to the 2006 FEHB Guides and health plan brochures will be added by the time the open season begins.

Of the 279 plan choices for 2006, 21 are high deductible health plans (HDHP) that incorporate a health savings account (HSA) or a health reimbursement arrangement (HRA). Only 14 HDHP plans were available in 2005. Employees who enroll in a high deductible health plan and have a health savings account cannot have a Health Care Flexible Spending Account (Health Care FSA).

FEHB Guides and health plan brochures will be available on the Office of Personnel Management (OPM) web site at <http://www.opm.gov/insure/health/index.asp> by the time the open season begins. Make sure you select the right FEHB Guide. Most Federal civilian employees will review RI 70-1, but temporary employees will review RI 70-8. If you aren't sure which Guide is right for you, give us a call.

Air Force-serviced civilian employees will make their open season election or change electronically via the web-based Employee Benefits Information System (EBIS) or the BEST automated phone system. There are two advantages to using EBIS: you can print a copy of the SF 2809 (Health Benefits Election Form) after completing the election, and most elections can be accomplished without the assistance of a benefits counselor. EBIS is located on the BEST website at [www.afpc.randolph.af.mil/dpc/BEST\\_GRB/EBIS.htm](http://www.afpc.randolph.af.mil/dpc/BEST_GRB/EBIS.htm). If using the BEST phone system, callers in the United States will dial toll-free 1-800-616-3775. Overseas employees will first dial a toll-free AT&T Direct Access Number for the country they're in, then 800-616-3775. When the phone system answers, press 2 for civilian, then 2 for benefits and entitlements, and follow the prompts. AT&T direct access numbers are at [www.business.att.com/bt/dial\\_guide.jsp](http://www.business.att.com/bt/dial_guide.jsp). For assistance with accessing EBIS or the BEST phone system, or reaching a benefits counselor, see the instructions on the [BEST homepage](#). If enrolling in family coverage through the BEST phone line, you'll need to call during our normal business hours, Monday - Friday, 7 a.m. to 6 p.m. Central Time. Be sure to have your family members' names, SSNs, dates of birth, and other insurance information at hand.

If you stay with your current health plan, be sure to review the summary of changes in the 2006 plan brochure to determine if there are any changes in payment of benefits. In addition, before making an election take time to verify the cost and coverage of the plan you are interested in. If you need to visit the doctor prior to receiving your health insurance enrollment card, you can obtain a copy of your projected SF 2809 through EBIS as referenced above or through the BEST phone system by entering the FEHB module and pressing 8 for a faxed copy of your pending SF 2809. You can then use the form as proof of enrollment until you receive your enrollment card. If you have questions or problems, you may reach a benefits counselor through the BEST phone system by pressing "0" within the FEHB module.

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## FLEXIBLE SPENDING ACCOUNT OPEN SEASON

### Flexible Spending Account (FSA) Open Season

Enrollment in the Flexible Spending Account (FSA) program for Plan Year 2006 will take place from 14 Nov 05 through 12 Dec 05. To enroll, go to the FSAFEDS Website at <https://www.fsafeds.com/>, or call SHPS toll-free at 1-877-372-3337 or TTY 1-800-952-0450. Enrollment in the FSA program does not carry over automatically. You must enroll during the FSA open season if you wish to participate in 2006.

The Federal FSA program, known as FSAFEDS, lets you set aside tax-free money to pay for out-of-pocket health and dependent care expenses. There are two types of FSA accounts: the Health Care FSA and the Dependent Care FSA. The Health Care FSA allows pre-tax reimbursement of eligible medical costs not covered or reimbursed by FEHB or any other insurance for you and your eligible family members. Examples of qualified expenses include FEHB plan deductibles, copayments and coinsurance, and dental and vision services not covered by FEHB plans. The Dependent Care FSA allows you to be reimbursed on a pre-tax basis for child care (or eligible adult dependent care) expenses that are necessary to allow you or your spouse to work. Enrollment costs you nothing – the Department of Defense (DoD) pays the associated administrative fees.

Employees who are eligible for the Federal Employees Health Benefits (FEHB) program, even if not enrolled, are eligible to elect (enroll in) a Health Care FSA. All employees with qualified dependents may enroll in the Dependent Care FSA except temporary employees with no fixed work schedule whose tour of duty is six months or less.

The Health Care FSA maximum contribution for 2006 is \$5,000 – that's a \$1,000 increase from 2005. This change is effective for the 2006 Plan Year and does not apply to your current 2005 account. Remember, to take advantage of this new maximum, you must re-enroll for the 2006 Plan Year. The minimum contribution to a Health Care FSA account is \$250.

The Dependent Care FSA maximum contribution for 2006 is \$5,000 (or \$2,500 if married and filing a separate income tax return). The minimum contribution is \$250.

During the enrollment process, you will designate the total amount you wish to contribute for the **year** in each type of FSA account. The FSAFEDS automated system will automatically divide this amount by the number of pay dates in the calendar year, and the resulting sum will be withheld from your salary (before tax) each pay period. There are 26 pay dates in 2006.

Remember, FSAFEDS instituted a new grace period in 2005. If you have a balance remaining in your Health and/or Dependent Care FSA account as of 31 Dec 05, you can use those funds for eligible expenses incurred from 1 Jan through 15 Mar 06. If your 2005 account balance(s) is not sufficient to reimburse you in full for expenses incurred through 15 Mar 06, the unpaid balance will be paid out of your 2006 account if you re-enroll during the open season.

In addition, the deadline for submitting eligible expenses to FSAFEDS for reimbursement has been pushed back to accommodate the grace period. You now have until 31 May 06 to submit claims for eligible expenses incurred from 1 Jan 05 through 15 Mar 06.

Please note: If you enroll in a High Deductible Health Plan (HDHP) and are eligible for a Health Savings Account, you may not have a Health Care FSA, but you may have a Dependent Care FSA.

For specific information on how the FSA program works and types of expenses eligible for pre-tax reimbursement, please visit the FSAFEDS website. One of the tools available on the website includes a calculator that will help you estimate your FSA contribution and potential annual tax savings. You may also speak with an SHPS customer service representative by calling the toll-free numbers referenced in the first paragraph.

**IMPORTANT UPDATE:** SHPS has just notified agencies that a significant number of FSAFEDS E-mails they send out are coming back to them as undeliverable. A major reason seems to be that these E-mails are being blocked from delivery to you at your work E-mail address as part of a security check. We suggest you provide SHPS your home E-mail address while we determine if changes can be made to allow you to receive these E-mails at work.

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## THRIFT SAVINGS PLAN (TSP)

### Thrift Savings Plan (TSP) Catch-Up Contributions

You can still submit an election to make catch-up contributions for **2005** between now and 10 Dec 05 (the maximum for 2005 is \$4,000). Do not designate an amount to be withheld each pay period that will exceed your net income or no contributions will be withheld. If you submit an election by 29 Oct 05, there are four pay dates left in 2005. If you wait until 27 Nov – 10 Dec 05, there's only one pay date left. This is important – it's the pay date, not the effective date of the election, that determines the year that contributions apply to. Eligibility requirements for 2005: you must be age 50 or turn age 50 in 2005; must be contributing either the maximum TSP contribution percentage or a dollar amount that will result in reaching the Internal Revenue Service (IRS) elective deferral limit (\$14,000 for 2005) by the end of the year for **regular** TSP contributions; must be in a pay status; and must not be in the 6-month noncontribution period after receiving a financial hardship in-service withdrawal.

Catch-up contribution elections are made electronically via the web-based Employee Benefits Information System (EBIS) or the BEST automated phone system. See heading for web address and phone number.

The BEST automated systems will accept catch-up contribution enrollments for **2006** beginning 11 Dec 05. The maximum contribution for 2006 is \$5,000. There will no longer be a percentage limit on the amount of regular TSP contributions you may make each pay period in 2006. As a result, you will be eligible to make catch-up contributions only if you are contributing an amount that will cause you to reach the IRS elective deferral limit of \$15,000 for 2006 by the end of the calendar year. (This includes situations where you might be contributing – or might have contributed – to a civilian or uniformed services TSP account (or both) or another eligible employer plan (e.g., another 401(k) plan). In such a case, if your combined contributions would cause you to reach the elective deferral limit, you would be eligible to make catch-up contributions.) Additional information on catch-up contribution enrollment for calendar year 2006 will be included in the Dec 05 issue of the BEST Newsletter.

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### TSP Employee Contributions Restricted Only by the Internal Revenue Code's Annual Limit Starting in 2006

Effective the first full pay period in January 2006, which is 8 Jan 06 for most Air Force-served civilians, employee contributions to a regular TSP account will be limited only by the Internal Revenue Service (IRS) annual elective deferral limit of \$15,000.

This means participants covered by the Federal Employees' Retirement System (FERS) and the Civil Service Retirement System (CSRS) may elect to contribute to the TSP **any** whole percentage (from 1 to 100%) of the basic pay he or she earns each pay period, **or** a specific whole dollar amount each pay period, and both groups may contribute up to \$15,000 during 2006.

If you elect a percentage of pay and the amount is more than your remaining salary after mandatory deductions (such as Federal income tax) and other voluntary deductions that occur ahead of TSP contributions, then the resulting pay will be the amount contributed to your TSP account.

If you designate a whole dollar amount and it is greater than your remaining salary, then **no** employee contribution will be made for that pay period, and if you are FERS you will not receive the agency matching contribution for that pay period. Should this happen, you will need to make a new election and elect either a lower dollar amount or a percentage. No TSP contributions will be withheld from your pay until your new election is effective. Remember, FERS employees must contribute at least 5 percent of basic pay each pay period in order to receive full agency matching contributions each pay period.

The earliest you can submit an election under these new rules via the BEST automated systems is 25 Dec 05. Elections submitted 25 Dec 05 through 7 Jan 06 will become effective 8 Jan 06, and you will see the change in contributions in the Leave and Earnings Statement issued 27 Jan 06. Additional information will be provided in the Dec 05 issue of the BEST Newsletter.

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## RETIREMENT (Full Service Employees)

### Retirement Tips

The key to a successful retirement is to begin planning early. The five year period before retirement is important because you must have insurance coverage for five years (or for all service since your first opportunity to enroll) immediately before retirement in order to keep it after retirement.

When you are within one year of retirement, you should contact a BEST benefits counselor for individual retirement counseling. Some of the things the counselor will discuss include, but are not limited to, retirement eligibility requirements, setting the retirement effective date, creditable service for eligibility and annuity computation, effect of civilian service for which retirement contributions were refunded, civilian service not covered by retirement deductions, military service, part-time service, survivor annuity elections, and required retirement forms and how to complete. You should ask the counselor to have a summary of your service prepared and sent to you so you may ensure we have a record of all your service. You should also obtain retirement estimates using our web-based Employee Benefits Information System (EBIS) ([www.afpc.randolph.af.mil/dpc/BEST\\_GRB/EBIS.htm](http://www.afpc.randolph.af.mil/dpc/BEST_GRB/EBIS.htm)) or the BEST automated phone system. However, employees who are retired military, have temporary service, refunded service, part-time service, or nonappropriated fund (NAF) service should contact a BEST benefits counselor to obtain an accurate estimate.

Retirement forms and instructions are located on our "Retiring Employees" web page at [www.afpc.randolph.af.mil/dpc/best/retiring.htm](http://www.afpc.randolph.af.mil/dpc/best/retiring.htm). Be sure to read our brochure "Preparing for Retirement" located on that web page. Among other information, it includes our mailing address for submission of your retirement package.

Ready to retire? Congratulations! We ask that you submit your retirement package to BEST 90 to 120 days in advance of your retirement date. We're here to serve, so remember to contact BEST and speak with a counselor if you have any questions or need assistance with the retirement process.

**Limited Service** employees must contact their local Civilian Personnel Office for retirement assistance, forms, and processing instructions.

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### Calendar of Events

Federal Employees Health Benefits Open Season – 14 Nov-12 Dec 05

Flexible Spending Account Open Season - 14 Nov-12 Dec 05

TSP Catch-Up Contribution Enrollment for Calendar Year 2006 - available beginning 11 Dec 05

Regular TSP Elections Based on the IRS Annual Limit for 2006 - available beginning 25 Dec 05

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